

# 2017 July Newsletter

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## China SCE Property Holdings Limited

HKEx Stock Code:1966.HK Best 50 of China Real Estate Developers



China SCE Property Holdings Limited ("China SCE" or the "Company") was established in 1996 and listed on the Main Board of The Stock Exchange of Hong Kong Limited in February 2010. The Group's major businesses include investment holding, property development, property investment and property management. The Company is headquartered in Shanghai for its business operations, while implementing regional focused development strategy targeting the first- and second-tier cities in the Yangtze River Delta Economic Zone, the Bohai Rim Economic Zone, the Pearl River Delta Economic Zone and the West Taiwan Strait Economic Zone.



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## Latest News

### *Sales Overview*

In July 2017, the Group together with its joint ventures and associates achieved a contracted sales amount of approximately RMB2.14 billion and a contracted sales area of 138,626 sq.m., representing a year-on-year increase of 34% and 22% respectively. The average selling price for July 2017 was RMB15,438 per sq.m..

The Group together with its joint ventures and associates achieved an accumulated contracted sales amount of approximately RMB17.664 billion and an accumulated contracted sales area of 990,624 sq.m. for the seven months ended 31 July 2017, representing a year-on-year increase of 31% and 17%, respectively. The average selling price for the seven months ended 31 July 2017 was RMB17,831 per sq.m..

### *Land Bank*

As at 31 July 2017, the Group together with its joint ventures and associates owned a land bank with an aggregate planned GFA of approximately 12.60 million sq.m.

### *BOC International Initiated Coverage on China SCE with Buy Rating*

On 18 July 2017, BOC International initiated coverage on China SCE with a Buy rating at a target price of HK\$4.33.

BOC International believed that China SCE has total saleable resources of RMB150 billion, which would support strong contracted sales in the future. The Group's contracted sales in 2018 is expected to reach RMB35 billion. BOC International also expected the Group's land bank is well balanced among first-, second- and third-tier cities within the economic regions where it has presence. Such a balance mitigates concentration risk, brought from the government's policy controls on core cities, which would help the Group to achieve smooth contracted sales growth. BOC International expected the Group's gross margin will improve to 28.8% in 2017 from 25% in 2016. Gross margin is likely to further improve to 30% in 2018 and 2019.

#### Disclaimer:

This newsletter provides the investors with unaudited financial data. As a result, it is for reference only.



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### ***Deutsche Bank Raised China SCE's Target Price and Maintains Buy Rating***

On 24 July 2017, taking into consideration China SCE's land acquisition and strong sales in 2017, Deutsche Bank has maintained a "Buy" rating on China SCE and revised its target price upward by 22% to HK\$4.22.

Deutsche Bank maintained positive on China SCE for the following reasons: 1) Due to strong growth in business in the first half of 2017, gross profit margin is expected to increase to 28-31%. Net profit is expected to surge by more than 50% in the first half of 2017 with 26% earnings CAGR in the next three years; 2) The Group acquired 2.4 million sq.m. land in the first half of 2017 and expanded into several satellite cities which benefit from a spillover effect derived from first- and second-tier cities; 3) The current saleable resources are worth RMB142 billion, which can support contracted sales growth at 31% to RMB30.9 billion in 2017, and at another 30% to RMB40.2 billion in 2018.

### ***China SCE Debuted among the "2017 Fortune China 500"***

On 31 July 2017, Fortune China released the "2017 Fortune China 500" list. China SCE has been included on the list again, demonstrating its strong business capabilities.

### ***Successful Acquisition of a Residential Land Parcel in Chongqing***

On 7 July 2017, the Group successfully acquired an 80% interest in Chongqing Ruisheng Property Co., Ltd. (重慶銳升置業有限公司) ("Chongqing Ruisheng") at a consideration of approximately RMB230 million. Chongqing Ruisheng owns a residential land parcel in Chongqing.

The land is located in Shuangfu New Zone, Jiangjin District, along the main road of Jiangjin District. Upon completion, Chongqing Rail Transit Line 5 will connect Jiangjin District with several city core areas in Chongqing with only a 20-minute travelling time. With the improvement in the transportation network in the area, Shuangfu New Zone is set to be a core development area in Jiangjin District in the future with solid potential. The project occupies a site area of 113,197 sq.m. with an above-ground buildable area of approximately 341,000 sq.m..



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### ***Successful Bid for a Commercial Office Land Parcel in Shanghai***

On 26 July 2017, the Group made a successful bid for a quality parcel of land for commercial and office purposes in Shanghai at a consideration of approximately RMB330 million. The land parcel is situated along the Rail Transit in Pujiang Town of Minhang District, about 500 metres from the Luheng Road Station of Metro Line 8. The Line 8 is a north-south line of the metro in the urban area, which enables passengers to interchange to different metro lines. The project is about 400 metres from the transport hub of Luheng Road, offering convenient transportation access. There are many commercial and public ancillary resources near the land parcel. The project occupies a site area of 10,291 sq.m. with an above-ground buildable area of approximately 21,000 sq.m..

### ***Successful Bid for a Residential Land Parcel in Suzhou***

On 26 July 2017, the Group made a successful bid for a quality residential land parcel in Suzhou at a consideration of approximately RMB360 million. The land parcel is located in Pingwang Town, Wujiang, Suzhou, with comprehensive public and supporting facilities in the neighbourhood including primary and secondary schools, agricultural and trading markets and a hospital. The project will be easily accessible as it is located near three major transportation hubs, namely Suzhou South Station, Pingwang Airport and Railway S6 Pingwang Station. The project occupies a site area of 28,632 sq.m., with an above-ground buildable area of approximately 57,000 sq.m..

### ***The Paramount in Quanzhou Obtains Construction Permit***

The Paramount in Quanzhou has obtained its construction permit on 6 July 2017, marking the official commencement of its construction.

The Paramount is located on the South of the East Section of Baozhou Road, Quanzhou, occupying a site area of approximately 58,000 sq.m.. The project has an aggregate planned GFA of approximately 147,000 sq.m. and consists of three high-rise residential buildings and two SOHO apartments.



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## Latest News

### *Royal Bay in Quanzhou Obtains Construction Permit*

Royal Bay in Quanzhou has obtained its construction permit on 25 July 2017, marking the official commencement of its construction.

Royal Bay is located in Nan'an City, Quanzhou, a prime location with huge development potential due to its proximity to a bus station, train station and a highway entrance. It has a planned GFA of approximately 236,000 sq.m. and consists of 10 high-rise residential buildings, a shopping mall and retail shops.

### *Sunshine City in Zhangzhou Launched for Sale*

Sunshine City in Zhangzhou was officially launched for sale on 29 July 2017. The first batch of 170 high-rise residential units received overwhelming responses from the market and nearly sold out on that day. It realised a subscription amount of approximately RMB167 million in July.

Sunshine City is located in Gangwei Town, Longhai City, Zhangzhou, around 10 minutes from the highway exit of Zhangzhou China Merchants Economics and Technological Development Zone (漳州招商局经济技术开发區). The planned Line R3 of the Xiamen-Zhangzhou Cross-Harbor Tunnel and Cross-Bay Bridge will combine to make Gangwei Town a new transportation hub. Its aggregate planned GFA is approximately 119,000 sq.m., which comprises 16 high-rise residential buildings, one low-rise residential building and retail shops.

## Project Development Information

### Projects Under Development (As at 31 July 2017)

Project Name	City	Type of Property	Group's Equity Interest (%)	Total Planned GFA (sq.m.)
Polaris	Beijing	High-rise residential and SOHO apartments	100	45,174
Sunshine Mansion	Beijing	Low-rise residential	100	63,600
The Paramount	Beijing	High-rise residential, low-rise residential, villas and retail shops	100	201,175
SCE Plaza (Phase 2)	Shanghai	SOHO apartments	56	42,255
Sky Horizon	Shanghai	High-rise residential, low-rise residential, LOFT apartments and retail shops	100	47,325
The Royal Bay	Shanghai	Villas and retail shops	100	108,124
The Glamour	Shanghai	High-rise residential and low-rise residential	100	19,797
Marina Bay	Tianjin	Low-rise residential and villas	100	153,504
Royal Palace	Tianjin	High-rise residential, low-rise residential and villas	100	187,055
Garden Terrace	Tianjin	High-rise residential and low-rise residential	51	287,664
The Royal Green	Hangzhou	High-rise residential and retail shops	100	181,525
Uptown	Nanchang	High-rise residential, SOHO apartments, LOFT apartments and retail shops	100	214,680
SCE Plaza	Quanzhou	SOHO apartments, office and retail shops	100	63,332
Gold Coast (Phase 1) (Partial)	Quanzhou	High-rise residential and retail shops	45	72,572
Parkview Bay	Quanzhou	High-rise residential, SOHO apartments and retail shops	60	142,313
The Paramount	Quanzhou	High-rise residential and SOHO apartments	100	147,491
Royal Bay	Quanzhou	High-rise residential and retail shops	80	174,083
Sapphire Boomtown (Phase 3) (Partial)	Zhangzhou	High-rise residential	100	26,038
Sunshine City (Phase 3)	Zhangzhou	High-rise residential and retail shops	75	160,137
Sunshine City	Zhangzhou	High-rise residential, low-rise residential and retail shops	90	115,618
Sunshine City (Phase 2)	Yanjiao	High-rise residential and retail shops	55	181,957
SCE International Community (Phase 4)	Linfen	High-rise residential and retail shops	70	173,003
<b>Total</b>				<b>2,808,422</b>



## Stock Information (As at 31 July 2017)

Price per Share (Closing)	52-week Range	Market Capitalisation	Total Number of Shares
HK\$3.82	HK\$1.63—HK\$3.87	HK\$13.079 billion	3.42384 billion shares



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